

**272.345 Association personnel indemnified against personal liability --
Compromise settlements -- Prior approval -- Payment of expenses and costs --
Purchase of insurance.**

- (1) Each director, officer, employee or agent of an association organized or operating under KRS 272.121 to 272.341, or his personal representative, or any person who is or was serving at the request of an association as a director, officer, employee or agent of another association, corporation, partnership, joint venture, trust or other enterprise or entity, or such person's personal representative, shall be indemnified by the association against claims, liabilities, expenses, and costs actually and necessarily incurred by him or his estate in connection with, or arising out of, any action in which he is made a party by reason of his being, or having been, an officer, director, employee, or agent, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the association, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.
- (2) The right of indemnification herein provided for shall also apply with respect to any amount paid in compromise of any such claim asserted against such director, officer, employee or agent (including expenses and costs actually and necessarily incurred in connection therewith); provided the board of directors of the association shall have first approved such proposed compromise settlement and determined that the director, officer, employee or agent involved was acting in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the association; but in taking such action any director involved shall not be qualified to vote thereon, and if for this reason a quorum of the board cannot be obtained to vote on such matter it shall be determined by a committee of three (3) disinterested shareholders appointed by the shareholders at a duly called special meeting, or at a regular meeting.
- (3) Expenses and costs (including attorney's fees) incurred by a director, officer, employee or agent in defending an action as aforesaid may be paid by the association in advance of the final disposition of such action upon receipt of an undertaking by or on behalf of such director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the association.
- (4) The right of indemnification herein provided for shall not be exclusive of any other rights to which an officer, director, employee or agent may be entitled under any bylaw, agreement, vote of shareholders, vote of disinterested directors or otherwise, both as to action in an official capacity and as to action in another capacity (including, without limitation, serving at the request of the association as a director, officer, employee or agent of another association, corporation, partnership, joint venture, trust or other enterprise or entity), and shall continue as to any person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of any heirs, executors and administrators of any such person.
- (5) An association shall have the power to purchase and maintain insurance on behalf of any person who is or was an officer, director, employee or agent of the

association, or is or was serving at the request of the association as a director, officer, employee or agent of another association, corporation, partnership, joint venture, trust or other enterprise or entity, against any liability asserted against him or incurred by him in any such capacity or arising out of his status as such, whether or not such association would have the power to indemnify him against such liability under the provisions of this section.

Effective: July 13, 1984

History: Amended 1984 Ky. Acts ch. 111, sec. 122, effective July 13, 1984. -- Created 1972 Ky. Acts ch. 112, sec. 9.